

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
MARCH 18, 1997  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on March 18, 1997 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Kevin Lockhart and Thomas Swoik, Chief Legal Counsel Mareile' B. Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:50 a.m. Member Pyatt moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Browder seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 12:04 p.m.

Board Minutes

Member Pyatt moved **that the Board approve the minutes from the open and closed sessions of the February 25, 1997 regular meeting.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

The Chairman reminded the Board and staff that the annual Board of Ethics disclosure form is to be completed and filed by April 30, 1997. The Chairman reported that the Director of the State Police announced a new policy for ISP personnel assigned to specialized units. Due to this policy, the Gaming Board will lose many veteran staff members. The first staff member to be rotated is Lt. Tom Biebel who has been with the Gaming Board from the

beginning. The Chairman, on behalf of the Board, thanked Lt. Biebel for his work over the past several years and wished him all the best in his new assignment.

Chairman Johnson reported that progress is being made in developing a survey of patrons to Illinois riverboat casinos. The Board thanked licensees for their assistance and encouraged continued cooperation as survey implementation commences.

The Chairman reported that the Missouri Gaming Commission levied a \$250,000 fine against a Missouri owner-licensee related to underage gambling. Members of the Board commended Missouri for taking this firm action and reminded all Illinois licensees that underage gambling will not be tolerated by regulators.

#### Administrator's Report

Administrator Belletire summarized the following monthly statistical reports: Adjusted Gross Receipts, Underage Patrons, Cruise Disruptions/Cancellations, Credit Issuance and Internal Control System changes.

Administrator Belletire reported that: the flooding along the Ohio River caused the operation in Metropolis to suspend activities for approximately four days in March; the joint venture operation in Maryland Heights, Missouri opened the week of March 10; Progressive Games, Inc. was denied licensure in Nevada and, IGB staff continues to investigate this supplier; two members of the Circus Circus Board of Directors have resigned (Fred Smith and Tony Coelho); and, the Governor introduced Illinois' FY '98 budget and reported that the overall fiscal health of the State is strong.

Administrator Belletire reported to the Board items related to the IGB budget.

- The Bureau of the Budget lowered FY '97 revenues (EAF transfers) from gaming taxes by \$10 million.
- The Bureau basically used IGB's revenue estimate for FY '98. Transfers to the EAF will decrease slightly from the revised FY '97 number.
- Operations for IGB are recommended at \$13.7 million -- an increase of about \$900,000 over this year's level. This increase includes salaries for three additional staff.

The Administrator stated that the Governor's budget did not propose any new gaming taxes and that the Governor does not want to link new spending to a tax that the legislature has rejected twice.

The Administrator further reported that: staff is working to revise the IGB records retention policy; he will be testifying March 21 before the Senate on the IGB budget; and, noted that on March 12, Prime Time Live had a feature on slot machines. The segment described individuals who have learned to cheat slot machines. The segment further indicated that slot

machines are programmed to be deceptive. The Administrator stated that, on average, machines in Illinois pay-off between 94 and 96 percent on the dollar.

Owner Licensees Items

EMPRESS CASINO - JOLIET ("Empress") - Michael Hansen, representing Empress, requested a waiver for preventive maintenance to conduct an underwater hull inspection. Tom Vasbinder, Chief Port Engineer for Empress, responded to Chairman Johnson's questions about the Coast Guard's approval process for dry dock inspection.

Mr. Hansen requested approval of Timothy T. Shea as Director of Casino Operations.

Member Browder moved **that the Board approve Timothy T. Shea as an Occupational License Level One of Empress Casino-Joliet.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

SOUTHERN ILLINOIS RIVERBOAT CASINO CRUISES, INC. ("SIRCC") - Michael Ficaro, representing SIRCC/Players International, requested approval of a re-negotiation of a credit agreement due to the sale of Player's Mesquite, Nevada property.

Member Cudmore moved **that the Board approve the proposed amendment to the restated credit agreement of Player's International. This authorization is subject to approval by the Administrator upon his review of the final term sheet and definitive documents relating to this amendment.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

At Chairman Johnson's request, Michael Crider, V.P. & General Manager, reported on the Ohio River flooding and the impact it has had on the SIRCC operation. Mr. Crider stated that SIRCC may have a loss in gross revenues of 25 percent for March. He further reported that the SIRCC parking lots and streets leading to the riverboat are under water.

ELGIN RIVERBOAT RESORT ("ERR") - Donna B. More, representing ERR, requested approval of Wayne Fieroh as Security Manager.

Member Pyatt moved **that the Board approve Wayne Fieroh as an Occupational License Level One of Elgin Riverboat Resort.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

#### Supplier Licensees Items

ATRONIC CASINO TECHNOLOGY, LTD. ("Atronic") - Rick Trachok, representing Atronic, requested approval of their supplier's license.

Member Pyatt asked if the products supplied in Illinois would be manufactured in the United States. Mr. Trachok stated that the products will be assembled in Arizona and distributed to all points throughout the Western Hemisphere. He further stated that the components are produced by manufacturing companies throughout the World.

Member Vickrey moved **that the Board approve Atronic Casino Technology, Ltd.'s application for a Supplier's license for a period of one year expiring March, 1998.**

**I further move that the Board direct staff to complete the interview of Paul Gauselmann and conduct an inspection of Atronic's new manufacturing assembly plant in Phoenix, Arizona.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

BUD JONES COMPANY - Kathleen Steele, representing Bud Jones Co., requested approval of their supplier's license.

Member Pyatt moved **that the Board approve Bud Jones Company's application for renewal of its Supplier's license for a period of four years expiring March, 2001.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

WMS GAMING, INC. ("WMS") - Donna More, representing WMS, prior to requesting approval of their supplier's license addressed the issue of WMS's failure to timely pay sales tax to the State of Illinois. Ms. More stated that WMS has taken steps in their accounting department to insure that future tax filings will be done on a timely basis.

Ms. More introduced several persons present on behalf of WMS. Mr. Kevin Verner, Executive Vice President and General Manager, gave a brief statement and answered questions from Board Members. In response to Member Cudmore, Mr. Verner stated that tax filings will be handled as an accounting function. He further stated that WMS is seeking to hire a compliance officer to insure better adherence to all regulatory and governmental requirements.

Jack O'Malley, Counsel from Winston & Strawn representing WMS's litigation with IGT, responded to Chairman Johnson's request for information on the litigation pertaining to WMS' model 400 and model 401 slot machines. He commented on recent positive developments in the court case and discussed the impact of court actions on the products supplied to the Illinois industry.

Mr. Jim Jackson, Senior Vice President, stated that WMS is marketing and selling model 401 in Illinois. There is a temporary stay enjoining IGT from selling, making or using model 400.

Ms. Barbara Norman, VP and General Counsel, addressed the issue of late sales tax filing at Member Vickrey's request.

Member Cudmore moved **that the Board approve WMS Gaming, Inc.'s application for renewal of its Supplier's license for a period of four years expiring March, 2001. In renewing the license the Board orders the following:**

1. **WMS must provide the Board with proof of timely filing of all required Illinois Department of Revenue Sales and Use Taxes;**
2. **In compliance with Board Rule 3000.140, WMS must continue to disclose to the Board all material events and information; and**
3. **WMS must continue to comply with Board Rule 3000.242 and notify the Board of any changes in the list of gaming equipment which it is authorized to sell or lease to Illinois Owner Licensees.**

Member Browder seconded the motion.

Member Pyatt stated that although she wishes WMS well, she is in favor of a restricted one year license due to the company's failure to pay Illinois sales tax in a timely manner.

Member Johnson called for the yeas and nays by roll call vote. The members responded verbally to wit: Cudmore: aye, Browder: aye, Vickrey: aye, Pyatt: nay, Johnson: aye. The motion was approved 4-1.

ARISTOCRAT, INC. - Donna More, representing Aristocrat, Inc., requested approval of Andre Hilliou as a Key Person.

Member Browder moved **that the Board approve Andre M. Hilliou as a Key Person of Aristocrat, Inc.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

PAUL-SON GAMING SUPPLIES, INC.

Member Vickrey moved **that the Board approve Ronald D. Coiro as a Key Person of Paul-Son Gaming Supplies, Inc.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

#### Occupational Licenses

Member Pyatt moved **that the Board approve 62 applications for an Occupational License, Level 2, and 194 applications for an Occupational License, Level 3, and deny 2 applications for an Occupational License, Level 2, and 5 applications for an Occupational License, Level 3.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

#### Administrative Hearings/ALJ Reports

Member Pyatt moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendation of the Administrative Law Judge and approve Jeffrey Henderson's application for an Occupational License Level 2.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendation of the Administrative Law Judge and deny Rosemary Zaninovich's application for an Occupational License Level 3.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

#### Complaints and Disciplinary Actions

Member Browder moved **that the complaint for disciplinary action against Michelle Bell be issued and that her license be revoked. The complaint involves Ms. Bell's ineligibility due to her conviction of theft.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

#### Board Policy Items

LEGISLATIVE UPDATE - Kathy Spain, Legislative Liaison, gave a status report on various legislative proposals introduced since the February Board meeting. Ms. Spain stated that two FY '98 budget appropriation bills (SB 1164 and HB 1982) were introduced. Ms. Spain stated that the Administrator will be testifying March 21 in support of SB 1164. HB 1982 has not been scheduled at this time.

BUDGET PRESENTATION - Tom Swoik, Deputy Administrator of Finance, discussed the agency's FY '98 budget request for agency operations.

ECONOMIC IMPACT ANALYSIS - The Administrator updated the Board on agency research on the economic impact of riverboat gaming in Illinois. He discussed the current status of the Regional Economics Applications Laboratory ("REAL") study. He noted that REAL has been asked to update the report.

The Administrator further discussed the gross versus net impact of riverboat casinos. He stated that staff has asked the economists from REAL to develop data that measures the marginally higher spending (compared to the national average) on casinos done by Illinoisians. Casino surveys will be undertaken by the Board this Spring to help measure from where (Illinois vs. out-of-state) the Illinois gambling dollar emanates.

BOARD RULES - The Administrator stated that JCAR met and voted to approve the revised rules presented to the Board at the February Board meeting and requested the Board authorize staff to publish, as final, the proposed rules, as amended.

Member Browder moved **that the Board authorize the Administrator to initiate the final submission of the proposed Rules presented to the Board at the February meeting with the Joint Committee on Administrative Rules.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

There being no further business to come before the Board, Member Browder moved **that the Board stand adjourned.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 1:28 p.m.

Respectfully Submitted,

Susan A. Offord  
Secretary of the Board